

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: October 12, 2017

PERSONNEL LETTER #17-025
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief
Personnel/Payroll Services Division

RE: OUT OF STATE SUPPLEMENTAL HEALTH CARE PROGRAM CASH BENEFIT

The State of California recently bargained a new cash benefit under the Out-of-State Supplemental Health Care Program (SHCP) for active Service Employees International Union (SEIU) - Local 1000 employees who are headquartered out of state and do not have access to enroll in a Health Maintenance Organization (HMO) health plan maintained by the California Public Employees' Retirement System (CalPERS). Current agencies with active SEIU - Local 1000 employees who are headquartered out of state are Franchise Tax Board (FTB) and California Department of Tax and Fee Administration (CDTFA).

The SHCP was effective April 1, 2017, and consists of a \$100.00 Cash Benefit per month (\$1,200.00 annually) to eligible employees. The State Controller's Office (SCO) has established Earnings ID 8CBA for the Cash Benefit to be paid monthly with Master payroll. The earnings description on the employee's warrant will be "SHCPBENEFIT".

The Cash Benefit is taxable income to the employee. The following taxes could be withheld depending upon the employee's tax status: Federal Income tax, State Income tax, Social Security tax, Medicare tax, and State Disability Insurance tax. The aggregate tax withholding method will be used to compute the Federal and State income tax withholding amounts. The Cash Benefit is not subject to retirement withholdings and is not included in the calculation of an employee's overtime, disability, and lump sum pay rates. Refer to Section H in the Payroll Procedures Manual (PPM) for Income Tax information – http://www.sco.ca.gov/ppsd_ppm.html.

For additional information on the SHCP, refer to the current Memorandums of Understanding with SEIU – <http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>.

ELIGIBILITY

Employees eligible for the cash benefit under the SHCP include active SEIU-represented employees and associated excluded employees that are headquartered out of state who are eligible for and enrolled in a CalPERS-sponsored Preferred Provider Organization (PPO) health plan (e.g., PERS Choice, PERS Care) because they do not have access to enroll in a CalPERS-sponsored HMO health plan. Refer to the CalPERS website for information on Health plans – <https://www.calpers.ca.gov/>.

SPECIAL EMPLOYMENT HISTORY DOCUMENTATION/PROCESSING INSTRUCTIONS

The FTB and CDTFA must identify their employees eligible for the cash benefit and lock-in the Earnings ID of 8CBA by processing a 350 Employment History (EH) transaction. The earliest effective date of the transaction is April 1, 2017, but may be later depending on the employee's eligibility date. For employees with multiple positions the Earnings ID should be locked-in their primary position number.

If an employee already has the maximum of three earnings IDs locked-in, then the agency must remove one and process the Earnings ID payment by keying a miscellaneous transaction via the Payroll Input Process (PIP) System. Earnings ID 8CBA must **not** be processed via PIP. Refer to Section K in the PPM for keying instructions.

Out-of-Sequence

Once an employee's EH record is updated, the effective date of the transaction may create an out-of-sequence condition. Agencies should correct any out-of-sequence transaction(s) that occur in order to prevent incorrect payments. Refer to Section 9 in the Personnel Action Manual (PAM) for further processing information - http://www.sco.ca.gov/ppsd_pam.html.

ViewDirect Report

In order to assist agencies in monitoring and verifying an employee's ongoing eligibility, SCO will provide a ViewDirect report identifying employees with Earnings ID 8CBA locked-in their EH record. A subsequent Personnel Letter will be released when this report is available.

PAYROLL ADJUSTMENTS

Adjustments for regular pay payments that have already been issued for April 2017 – September 2017 pay period will be automatically processed after the employees' EH records are updated with Earnings ID 8CBA.

Please direct questions concerning the SHCP Cash Benefit as follows:

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Customer Contact Center SCO	(916) 372-7200

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